

Dear State CSBG Administrators,

Deficit Commission Begins Work

As the fiscal commission created by President Obama held its first meeting yesterday, it quickly became apparent the panel faces an uphill battle if it is to succeed. While commission members expressed a desire to work together, many statements highlighted the deep partisan divides that will make compromise difficult. In response to these comments, the commission's co-chairmen appealed to the members to follow the President's lead by keeping an open mind and avoiding ruling policy options in or out until the end of the process. President Obama has stated he will remain mum on possible policy options and take a hands-off approach to the commission, while emphasizing that all options must be considered.

Notably, commission members emphasized the need to educate the American public regarding the nation's fiscal problems and possible solutions.

FY 2011 Budget and Appropriations

The outlook for House consideration of a fiscal 2011 budget resolution dimmed significantly on Tuesday, as Democratic "Blue Dogs" reiterated that they wanted more substantial cuts to domestic discretionary spending. The Blue Dogs are seeking cuts in non-security domestic discretionary spending of 2 percent a year for the next three years, with the spending then to be frozen for the next two years. For FY 2011, that would mean a cut of \$8 billion to \$10 billion, which House progressives and powerful liberals such as Appropriations Chairman David R. Obey (D-WI) would find extremely difficult to accept. The budget drafted by Senate Budget Chairman Kent Conrad (D-ND) and reported out of that committee last week would cut such spending only by about \$1 billion.

All in all, an across the board cut to domestic discretionary spending programs, including CSBG, seems very likely.

(Source: Congressional Quarterly)

We will keep you informed as things progress.